NSC BRIEFING

8 May 1957

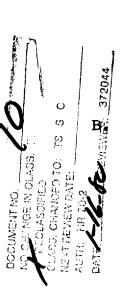
INDIA'S FIRST COMMUNIST STATE GOV'T

- I. In India's second nation-wide elections (Mar '57), Nehru's Congress Party retained its firm control over parliament, also managed to retain absolute majorities in 11 out of India's 13 State Assemblies.
 - A. Nonetheless, Congress Party lost ground in 9 of these State gov'ts. In Bombay and Uttar Pradesh, serious reductions in Congress strength. In Orissa, Congress Party maintained only a small plurality. And in the narrow southwest coastal state of Kerala--India's smallest--the Indian Communist Party has managed to take control of a State Gov't for the first time.

 Communists in Kerala, with 35% of popular vote, won 60 seats in 127-man Assembly. Congress Party, with 39% of vote, got only 43 seats.
 - 1. Five of six "independents" elected -- more anti-Congress than anything else -- have thrown support to Commies.
 - 2. Thus, Commies hold coalition majority of 2 seats in Assembly and have formed new State Gov't.
- II. Communists--who reportedly were surprised by their success at polls (in '52 election, they took only 32 seats)--face substantial problems in Kerala.
 - One of India's poorest States, with densely-settled population of 14 million, few natural resources and little industry,

 Kerala is a food-deficit area where most of inhabitants are subsistence farmers or work on tea and copra plantations.

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- B. While poor, people of Kerala are highly literate by Indian standards (45% against national average of 28%). Schools produce 23,000 high-school graduates and 10,000 college graduates each year.
- III. However, problems faced by Communists are balanced by opportunities.
 - A. Evidently planning to operate with caution, build maximum popularity. "Moderation" is announced Commie watch-word, and operation within limits of Indian constitution their declared intent.
 - B. In bids for popular favor, Commies have cut ministerial wages, stayed eviction proceedings for peasants, declared war on corruption, solicited investment private capital in state industrial development.
 - C. When attempted nationalization of foreign-held plantations ran into Central Gov't opposition, Commies backed off. However, some attempt at land reform is obvious long-range Commie aim.
 - D. If Commies in Kerala can play cards right, their gains will be national, as well as local.
 - 1. Any local economic gains will have nation-wide appeal.
 - 2. Local policy of moderation will tend to make Party more acceptable elsewhere in India--as domestic group, with nationalistic reform program, safely divorced from Moscow and Peiping.
 - where Commies now hold balance of power between Congress Party (56 seats) and rightist opposition (51 seats) in 140-man

 Assembly. Another plum is Bombay State, where leadership of lingersoved For Rejeate 2902701/30 f CALRED 791806890 A 5600800070074-7

 Congress Party there) is open to capture by Commies.

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- IV. Meanwhile, Congress-dominated Central Gov't can be expected to fight hard against Commies, although avoiding open harassment.
 - A. Will exploit any Commie failure to equal or better Congress record of economic improvement in State.
 - B. However, Central Gov't cannot force Commies out of office unless breakdown of "law and order" occurs. Moreover, opposition groups in local Assembly--who, if supported by Commie-allied "independents," could oust Commies in united vote of no confidence--are unlikely to unite for such action in near future.
- V. Thus, likeliest prospect is for Commies to hold office for year or longer.
 - A. Barest hope of future improvement should make people of Kerala willing to grant Commies at least that long to prove themselves.
 - B. In interim, US faces embarassing problem regarding ICA, USIA and similar US-sponsored activities in State, since normal pattern involves active cooperation with State (now Commie) officialdom.